

Calculating the City mill levy requirement. A mill is \$1 of tax for every \$1,000 of assessed value on real and personal property. The mill levy is recalculated every year and is based on the tax dollars needed for financing the City budget.

First, the City (the taxing district) arrives at a total amount for expenditures in the taxing funds. In Wichita these funds are the General Fund and the Debt Service Fund. After expenditure totals are known, all other revenue sources (non-property taxes and fees) are subtracted. The remainder is the amount to be raised from ad valorem (property) taxes.

The tax levy rate is calculated by dividing the total revenue to be obtained from property taxes (with an allowance for projected delinquencies) by the total estimated assessed value for the taxing district. The table below shows the estimated 2003 tax year rates, which are used to finance the 2004 budget.

Total General Fund 2004 Budget	\$160,089,470
Less: Non Property Tax Revenue	<u>\$109,503,250</u>
Equals: Amount to be levied (including delinquencies)	\$53,815,120
Divided by: Total Assessed Valuation	<u>\$2,463,498,706</u>
Equals: General Fund mill levy	21.845

The assessed value used to calculate the mill levy is based on the market value (as determined by the County Appraiser's Office) times the classification rate provided by Article 11, Section 2 of the Kansas State constitution. The classification rates vary based on type of property.

State of Kansas Assessment Rates	
Residential	11.5%
Commercial	25%
Non-Profit Real Estate	12%
Public Utility	33%
Vacant Lot	12%
Agricultural Use	30%
All Other	30%
Source: Kansas State Constitution, Article 11, Section 2	

For example, a Wichita home owner with a house valued at \$100,000 would have an assessed value on that home of \$11,500 (\$100,000 times 11.5%, or \$11,500). A City residential property owner will pay taxes to support the City operating budget based on the market value of the owner's property, times the assessment ratio (11.5% for residential property), times the General Fund tax levy rate (mills divided by 1,000), as illustrated in the example below.

Property valuation	\$100,000
Times: Assessment ratio	.115
Equals: Assessed valuation	\$11,500
Times: City mill levy (divided by 1,000)	.021845
Equals: Total City GF property taxes due	\$251.22

Based on the calculations, a home valued at \$50,000 would owe \$125.61 in annual General Fund property taxes for the City of Wichita; the owner of a \$150,000 home would owe \$376.83.

Residents in Wichita pay property taxes to generally to four other entities: the School District, Sedgwick County, the State of Kansas, and Wichita State University (indirectly, levied by the County). As shown below, the City of Wichita levy generally represents slightly more than one quarter of the total property tax levy. For the illustration below, USD # 259 is shown. The majority of which homes are in USD 259, although seven other districts also levy taxes on Wichita homeowners.

Entity	Tax Levy Rate	Percent of Total
City of Wichita	31.905	28%
Sedgwick County	27.317	24%
WSU (through Sedg. County)	1.500	1%
State of Kansas	1.500	1%
School District (USD 259)	<u>51.408</u>	<u>46%</u>
Total Levy	113.630	100%

Tables on the following pages include levies for the past 12 years for Wichita taxpayers, and a comparison of the City of Wichita levy to other Kansas first class cities.

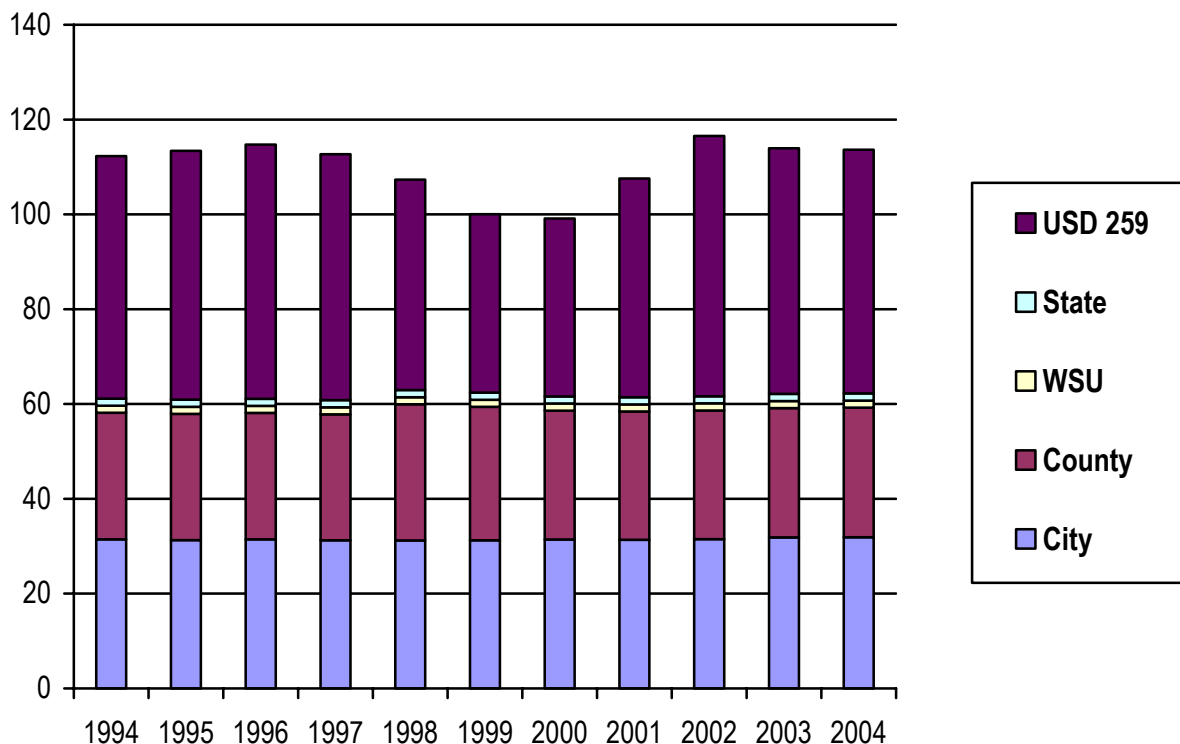
**Components of the Total Mill Levy For Wichita Residential Property Owner
1994 Through 2004**

2003 Taxes for the 2004 Budget

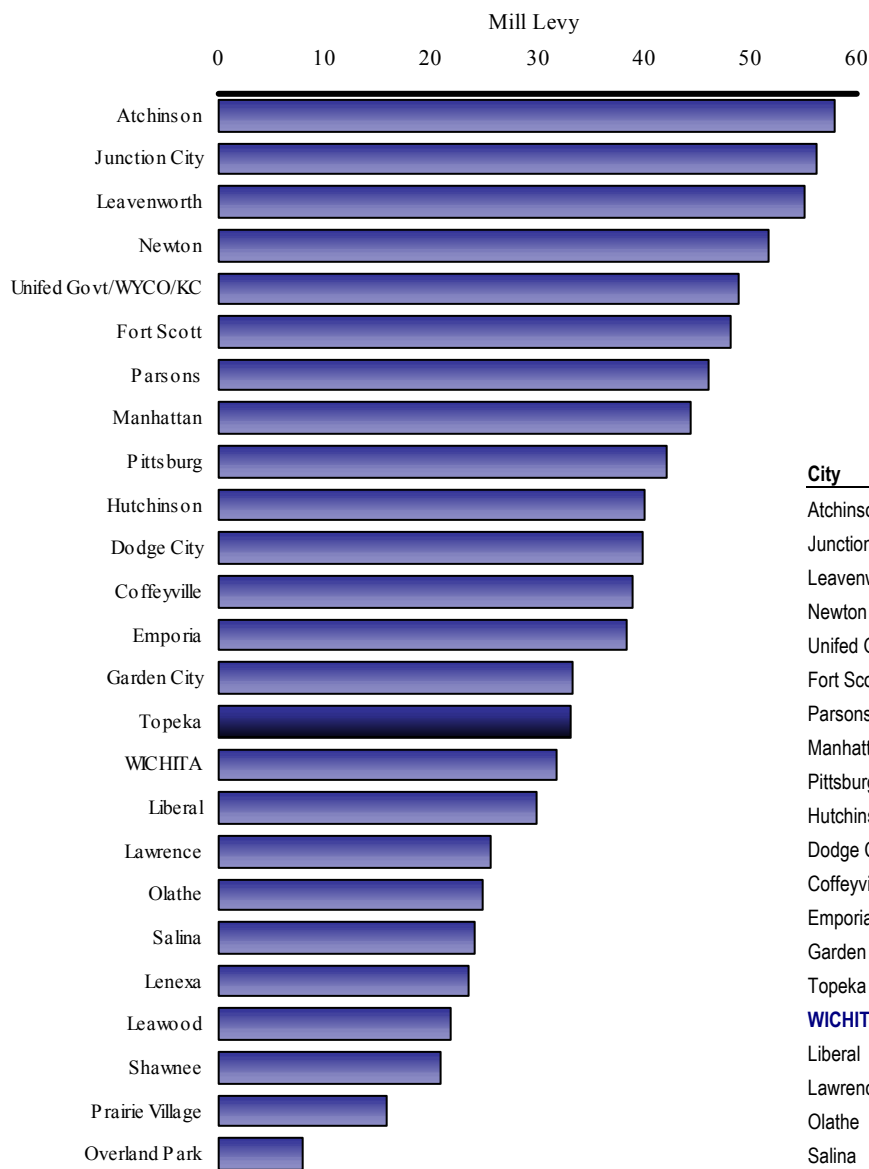
Budget Year	City	County	WSU	State	USD 259	Total
1994	31.472	26.666	1.500	1.500	51.143	112.281
1995	31.290	26.622	1.500	1.500	52.508	113.420
1996	31.443	26.660	1.500	1.500	53.609	114.712
1997	31.247	26.561	1.500	1.500	51.874	112.682
1998	31.225	28.717	1.479	1.500	44.383	107.304
1999	31.253	28.138	1.500	1.500	37.636	100.027
2000	31.406	27.199	1.500	1.500	37.526	99.131
2001	31.359	27.057	1.543	1.500	46.163	107.622
2002	31.474	27.154	1.500	1.500	54.926	116.554
2003	31.845	27.276	1.500	1.500	51.839	113.960
2004	31.905	27.317	1.500	1.500	51.408	113.630

Tax levies based provided by on the Sedgwick County Clerk.

**Components of the Total Mill Levy for Wichita Residential Property Owner
1994 – 2004**



Mill Levies of Kansas First Class Cities



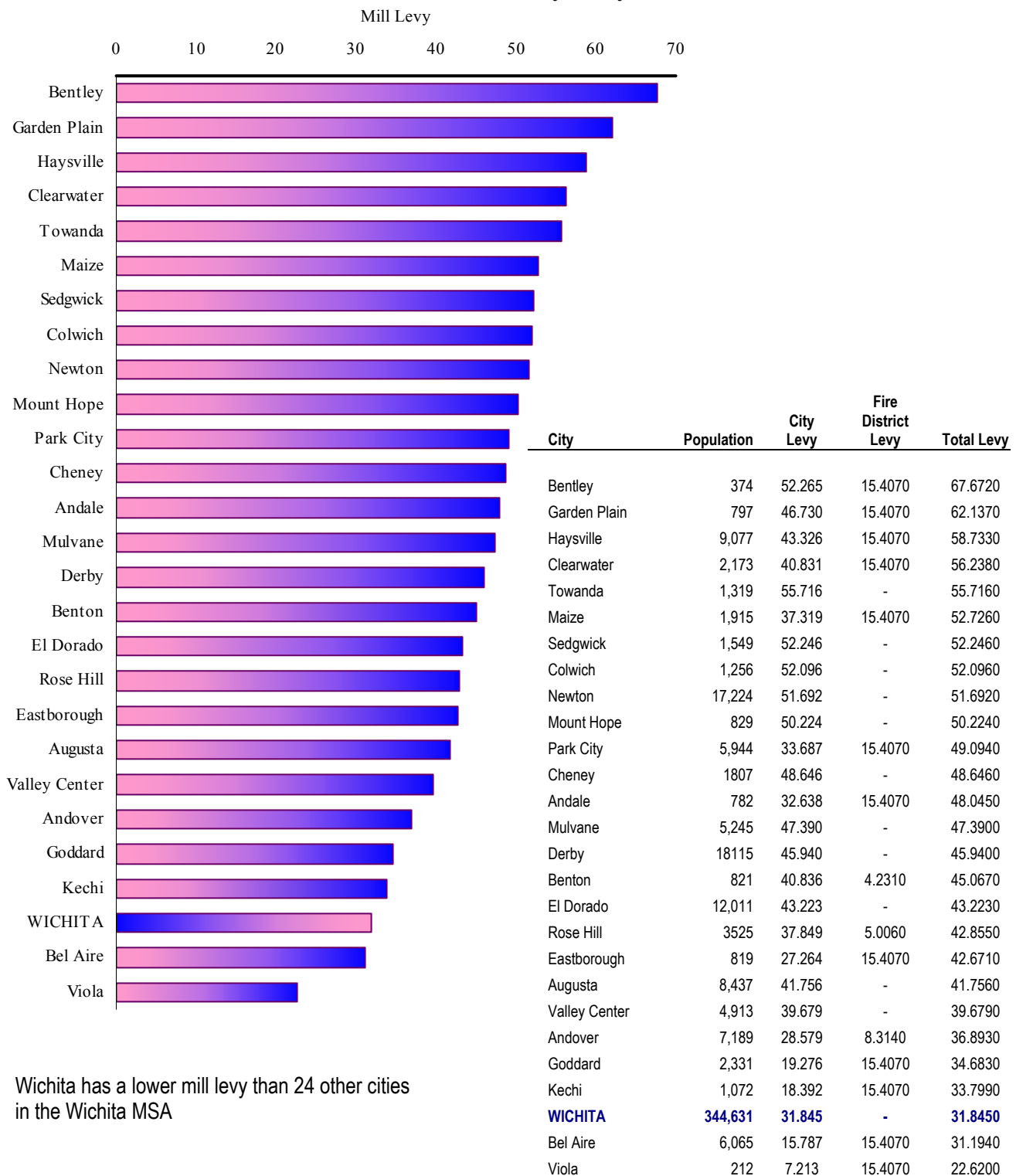
Wichita has a lower mill levy than 15 of the 24 first class cities in Kansas. The ten cities with a lower mill levy than that of Wichita all impose a local city sales tax in addition to the local county sales tax.

City	2002 Population	2002 City Mill Levy
Atchinson	10,140	57.975
Junction City	18,063	56.329
Leavenworth	35,652	55.075
Newton	17,224	51.692
Unifed Govt/WYCO/KC	146,218	48.925
Fort Scott	8,261	48.111
Parsons	11,384	46.077
Manhattan	42,960	44.388
Pittsburg	19,067	42.205
Hutchinson	40,349	40.008
Dodge City	25,049	39.903
Coffeyville	10,728	38.964
Emporia	26,469	38.397
Garden City	7,984	33.269
Topeka	121,885	33.129
WICHITA	344,631	31.845
Liberal	19,562	29.854
Lawrence	79,979	25.563
Olathe	96,518	24.763
Salina	45,729	24.092
Lenexa	40,787	23.575
Leawood	28,141	21.820
Shawnee	50,971	20.835
Prairie Village	21,962	15.744
Overland Park	154,450	7.847

Source: Kansas Tax Rate & Fiscal Data Book, League of Kansas Municipalities, March 2003

Note: 2003 mill levy data for all cities was not available at time of publication.

Mill Levies of Cities in the Wichita Metropolitan Statistical Area 2002 Total City Levy



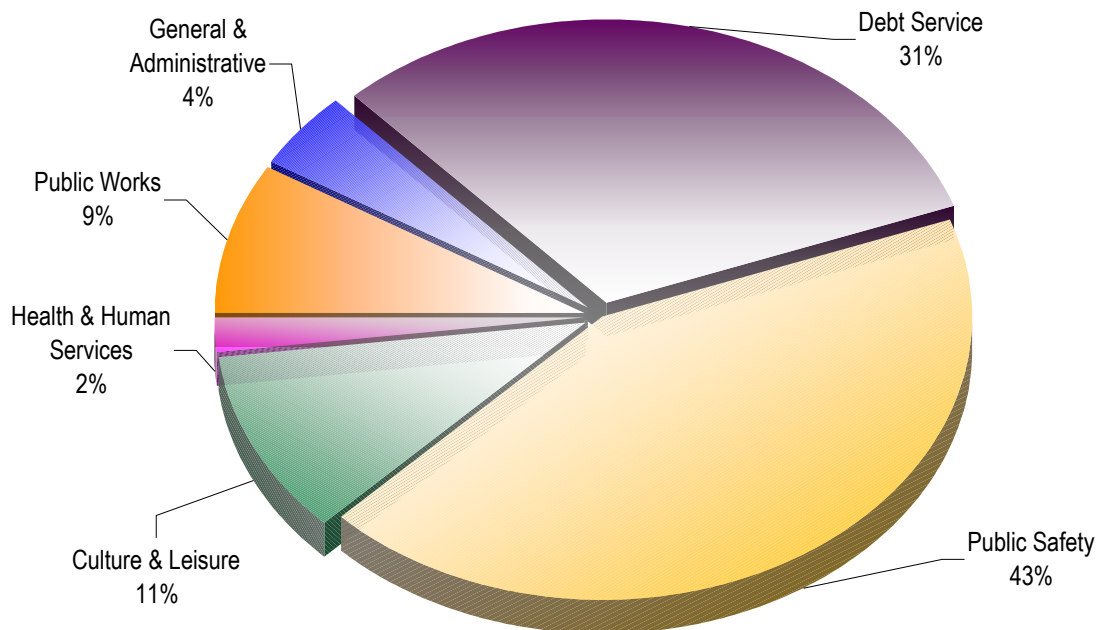
Wichita has a lower mill levy than 24 other cities in the Wichita MSA

Note: 2003 mill levy data for all cities was not available at time of publication.

Source: Kansas Tax Rate & Fiscal Data Book, League of Kansas Municipalities,

March 2003. Fire District Source: County Clerk, Sedgwick and Butler County.

Total City Tax Support by Function



2004 Funding Sources for General Fund Budgets, presented by function

Funding Source	Public Safety	Public Works/ Transportation	Culture and Recreation	Health and Human Services	Administration and General	Total
Current property taxes:						
Dollars (1000's)	\$ 31,822,529	\$ 6,356,430	\$ 7,777,470	\$ 1,332,379	\$ 3,297,413	\$ 50,586,220
Percent of budget	36%	19%	32%	33%	31%	32%
Other general funding:						
Dollars (1000's)	45,916,520	8,442,011	10,329,300	1,769,546	3,312,933	\$ 69,770,310
Percent of budget	53%	25%	43%	44%	32%	44%
Department-generated:						
Dollars (1000's)	9,489,990	19,457,780	5,942,040	943,870	340,740	\$ 36,174,420
Percent of budget	11%	57%	25%	23%	3%	23%
Administrative charges:						
Dollars (1000's)	0	0	0	0	3,558,520	\$ 3,558,520
Percent of budget	0%	0%	0%	0%	34%	2%
Total funding	\$ 87,229,039	\$ 34,256,221	\$ 24,048,810	\$ 4,045,795	\$ 10,509,606	\$ 160,089,470

CITY OF WICHITA

The property tax subsidy is the amount left after all other revenue sources are allocated and subtracted. Other revenues include those directly generated by the department, administrative services provided to non-General Fund departments, and general sources (for example, franchise fees and local sales tax).

By Department	2004 ADOPTED BUDGET		Tax support by owner of home valued at \$50,000	Tax support by owner of home valued at \$75,000	Tax support by owner of home valued at \$100,000
	Property Tax Subsidy	Total Property Tax Levied (\$)*			
Police	19,756,150	21,017,200	\$49.06	\$73.58	\$98.11
Fire	11,265,790	11,984,880	\$27.97	\$41.96	\$55.95
Public Works & Flood Control	4,874,510	5,185,640	\$12.10	\$18.16	\$24.21
Park	4,751,150	5,054,410	\$11.80	\$17.70	\$23.59
Library	2,476,370	2,634,430	\$6.15	\$9.22	\$12.30
City-County Health & Animal Control	1,332,380	1,417,430	\$3.31	\$4.96	\$6.62
Transit	1,481,930	1,576,520	\$3.68	\$5.52	\$7.36
Nondepartmental	1,240,470	1,319,650	\$3.08	\$4.62	\$6.16
Finance	929,290	988,610	\$2.31	\$3.46	\$4.61
General Government	481,710	512,450	\$1.20	\$1.79	\$2.39
Municipal Court	469,620	499,590	\$1.17	\$1.75	\$2.33
Art Museum	549,960	585,060	\$1.37	\$2.05	\$2.73
Law	330,940	352,060	\$0.82	\$1.23	\$1.64
Planning	282,030	300,030	\$0.70	\$1.05	\$1.40
City Council	242,670	258,160	\$0.60	\$0.90	\$1.21
City Manager	121,250	128,990	\$0.30	\$0.45	\$0.60
General Fund	\$50,586,220	\$53,815,110	\$125.61	\$188.41	\$251.22
Debt Service Fund	\$23,156,890	\$24,634,990	\$57.50	\$86.25	\$115.00
TOTAL CITY TAX BILL	\$73,743,110	\$78,450,100	\$183.11	\$274.66	\$366.22

By Function

Public Safety	31,822,530	33,853,760	\$79.02	\$118.53	\$158.03
Public Works/Transportation	6,356,430	6,762,160	\$15.78	\$23.68	\$31.57
Culture and Recreation	7,777,470	8,273,900	\$19.31	\$28.97	\$38.62
Health and Human Services	1,332,380	1,417,430	\$3.31	\$4.96	\$6.62
Administration and General	3,297,410	3,507,880	\$8.19	\$12.28	\$16.38
General Fund	\$50,586,220	\$53,815,130	\$125.61	\$188.41	\$251.22
Debt Service Fund	\$23,156,890	\$24,634,990	\$57.50	\$86.25	\$115.00
TOTAL CITY TAX BILL	\$73,743,110	\$78,450,120	\$183.11	\$274.66	\$366.22

* The total levy includes a delinquency allowance of 6 percent. The City levy, expressed in mills, is estimated at 31.845 (General Fund and Debt Service Fund). It is based on an assessed valuation of \$2.463 billion.

Consumer Price Index	<u>Rate</u>
Reported Change from December 2001 to December 2002	
US City average	1.6%
Midwest urban cities	1.2%
Projected Change from December 2002 to December 2003	
US City average	2.2%
Source: ¹ U.S. Department of Labor	
² Congressional Budget Office	

Wichita MSA Selected Economic Indicators	<u>Rate</u>
Projected Percent Change December 2002 to December 2003	
Total employment growth	-.3%
Manufacturing employment	-2.3%
Other employment	.5%
Projected annual average change 2004 – 2008	
Total employment	1.3%
Manufacturing employment	2.1%
Source: Wichita State University Center for Economic Development and Business Research (CEDBR)	

City of Wichita Financial Projections Selected Economic Indicators	<u>Rate</u>
Actual growth in 2002 assessed valuation (for the 2003 budget year)	4.2%
Average annual growth in assessed valuation 2004 – 2008	4.8%
Average annual growth in local sales, 2004 – 2008	
Average annual increase in revenues from rentals and user fees, 2004 – 2008	2.55%
Average annual increase in total General Fund expenditures, 2004 – 2008	3.8%
Estimated interest earnings from cash flow and funds balances, 2003	2.1%

COMPARISON OF HEADCOUNT, FULL-TIME AND FULL-TIME EQUIVALENTS (LOCALLY FUNDED)

	2002 ACTUAL			2003 REVISED			2004 ADOPTED		
	Hdcnt	FT	FTE	Hdcnt	FT	FTE	Hdcnt	FT	FTE
GENERAL FUND									
City Council	10	10	10.00	10	10	10.00	10	10	10.00
City Manager	5	5	5.00	5	5	5.00	5	5	5.00
General Government									
Personnel	17	17	17.00	17	17	17.00	17	17	17.00
Clerk's Office	3	2	2.75	4	3	3.75	3	3	3.00
Administrative Services	17	16	16.50	12	12	12.00	12	12	12.00
Total General Government	37	35	36.25	33	32	32.75	32	32	32.00
Department of Finance									
Director's Office	10	10	10.00	10	10	10.00	10	10	10.00
Financial Management									
Accounting	15	15	15.00	14	14	14.00	14	14	14.00
Purchasing	9	9	9.00	10	10	10.00	10	10	10.00
Treasury									
Treasury Office	19	17	18.25	19	17	18.25	19	17	18.25
Debt Management	6	6	6.00	6	6	6.00	6	6	6.00
Community Relations	1	1	1.00	1	1	1.00	0	0	0.00
Total Department of Finance	60	58	59.25	60	58	59.25	59	57	58.25
Law Department	27	25	25.50	24	23	23.25	24	23	23.25
Municipal Court									
Clerk's Office	81	54	57.00	80	53	56.00	80	53	56.00
Probation Office	20	16	17.00	18	16	16.50	18	16	16.50
Total Municipal Court	101	70	74.00	98	69	72.50	98	69	72.50
Fire Department									
Administration/Prevention	24	24	24.00	23	23	23.00	23	23	23.00
Operations	354	354	354.00	354	354	354.00	374	374	374.00
Total Fire Department	378	378	378.00	377	377	377.00	397	397	397.00
Police Department									
Field Services Bureau	514	514	514.00	508	508	508.00	508	508	508.00
Investigations Bureau	165	165	165.00	161	161	161.00	161	161	161.00
Support Services Bureau	153	149	151.00	154	150	152.00	154	150	152.00
Total Police Department	832	828	830.00	823	819	821.00	823	819	821.00
Library	133	84	108.50	138	87	112.30	138	87	112.30
Public Works									
Administration	4	4	4.00	4	4	4.00	4	4	4.00
Natural Resources	2	2	2.00	2	2	2.00	2	2	2.00
Building Services	104	92	98.50	113	98	105.75	113	98	105.75
Engineering	93	85	87.00	92	84	86.00	92	84	86.00
Maintenance									
Traffic Control	35	25	30.00	35	25	30.00	35	25	30.00
Street Maintenance	105	96	100.33	105	96	100.33	105	96	100.33
Street Cleaning	31	25	28.00	28	22	25.00	28	22	25.00
Total Public Works	374	329	349.83	379	331	353.08	379	331	353.08

COMPARISON OF HEADCOUNT, FULL-TIME AND FULL-TIME EQUIVALENTS (LOCALLY FUNDED)

	2002 ACTUAL			2003 REVISED			2004 ADOPTED		
	Hdcent	FT	FTE	Hdcent	FT	FTE	Hdcent	FT	FTE
Housing Services	2	1	1.15	0	0	0.00	0	0	0.00
Environmental Health									
Administration	11	11	11.00	10	10	10.00	10	10	10.00
Code Enforcement	12	9	10.00	7	7	7.00	7	7	7.00
Environmental As. & Remed.	3	3	3.00	4	4	4.00	4	4	4.00
Animal Control	21	19	20.00	22	20	21.00	22	20	21.00
Child Care Licensing	2	2	2.00	2	2	2.00	2	2	2.00
Environmental Maintenance	10	5	6.25	5	5	5.00	5	5	5.00
Total Environmental Health	59	49	52.25	50	48	49.00	50	48	49.00
Park Department									
Administration	11	11	11.00	9	9	9.00	9	9	9.00
Maintenance & Forestry	235	146	181.50	224	138	172.00	224	138	172.00
Botanica	5	5	5.00	4	4	4.00	4	4	4.00
Parks and Recreation	527	29	160.75	526	28	159.50	526	28	159.50
Arts Center	87	7	29.00	87	7	29.00	87	7	29.00
Community Facilities									
Century II	20	19	19.50	20	19	19.50	20	19	19.50
Expo Hall	7	7	7.00	7	7	7.00	7	7	7.00
Historical Museum	1	1	1.00	0	0	0.00	0	0	0.00
Wichita Boathouse	2	1	1.50	2	1	1.50	2	1	1.50
Total Park Department	895	226	416.25	879	213	401.50	879	213	401.50
TOTAL GENERAL FUND	2,913	2,098	2,346.00	2,876	2,072	2,316.60	2,894	2,091	2,334.90
SPECIAL REVENUE FUNDS									
Landfill	2	2	2.00	2	2	2.00	2	2	2.00
Landfill Post Closure	2	2	2.00	2	2	2.00	2	2	2.00
Art Museum	27	26	25.75	26	25	24.75	26	25	24.75
Office of Central Inspection	73	73	73.00	74	74	74.00	74	74	74.00
Trolleys	0	0	2.70	0	0	1.50	0	0	1.50
Economic Development	3	3	3.00	3	3	3.00	3	3	3.00
Property Management Operations	5	5	5.00	5	5	5.00	4	4	4.00
State Office Building	4	3	3.50	4	3	3.50	4	3	3.50
Gilbert & Mosley TIF (District #1)	1	1	1.00	1	1	1.00	2	2	2.00
TOTAL SPECIAL REVENUE FUNDS	117	115	117.95	117	115	116.75	117	115	116.75
ENTERPRISE FUNDS									
Airport									
Administration	12	12	12.00	12	12	12.00	12	12	12.00
Airfield Maintenance	21	17	18.25	21	17	18.25	21	17	18.25
Building Maintenance	15	15	15.00	15	15	15.00	15	15	15.00
Custodial	13	13	13.00	13	13	13.00	13	13	13.00
Engineering	7	7	7.00	7	7	7.00	7	7	7.00
Safety	46	46	46.00	46	46	46.00	46	46	46.00
Total Airport	114	110	111.25	114	110	111.25	114	110	111.25
Golf Course System	85	29	58.00	86	30	59.00	86	30	59.00

COMPARISON OF HEADCOUNT, FULL-TIME AND FULL-TIME EQUIVALENTS (LOCALLY FUNDED)

	2002 ACTUAL			2003 REVISED			2004 ADOPTED		
	Hdent	FT	FTE	Hdent	FT	FTE	Hdent	FT	FTE
Transit									
Administration	10	8	9.00	10	8	9.00	10	8	9.00
Bus Operations	71	71	71.00	73	73	73.00	73	73	73.00
Special Services	30	30	30.00	30	30	30.00	30	30	30.00
Total Transit	111	109	110.00	113	111	112.00	113	111	112.00
Water Utility									
Administration	6	6	6.00	5	5	5.00	5	5	5.00
Customer Service	82	52	72.25	81	52	71.75	81	52	71.75
Water Distribution	65	65	65.00	65	65	65.00	65	65	65.00
Production and Pumping	54	47	48.75	56	49	50.75	56	49	50.75
System Planning & Development	12	12	12.00	12	12	12.00	12	12	12.00
Total Water Utility	219	182	204.00	219	183	204.50	219	183	204.50
Sewer Utility									
Sewage Treatment	71	69	70.00	75	73	74.00	75	73	74.00
Sewer Maintenance	82	82	82.00	82	82	82.00	84	84	84.00
Total Sewer Utility	153	151	152.00	157	155	156.00	159	157	158.00
Storm Water Utility	37	37	37.00	37	37	37.00	37	37	37.00
TOTAL ENTERPRISE FUNDS	719	618	672.25	726	626	679.75	728	628	681.75
INTERNAL SERVICE FUNDS									
Information Technology	44	44	44.00	50	50	50.00	49	49	49.00
Fleet	61	61	61.00	60	60	60.00	60	60	60.00
Self-Insurance Fund									
Workers Compensation	1	1	1.00	1	1	1.00	1	1	1.00
Risk Management	2	2	2.00	2	2	2.00	2	2	2.00
Safety Office	2	2	2.00	2	2	2.00	2	2	2.00
Total Self Insurance Fund	5	5	5.00	5	5	5.00	5	5	5.00
Stationery Stores	4	4	4.00	1	1	1.00	1	1	1.00
TOTAL INTERNAL SERVICE FUNDS	114	114	114.00	116	116	116.00	115	115	115.00
TRUST FUND									
Pension Management	5	5	5.00	5	5	5.00	5	5	5.00
TOTAL TRUST FUND	5	5	5.00	5	5	5.00	5	5	5.00
CITY-COUNTY FUNDS									
Flood Control	19	19	19.00	18	18	18.00	18	18	18.00
Metropolitan Area Planning	21	20	20.30	20	19	19.30	20	19	19.30
TOTAL CITY-COUNTY FUNDS	40	39	39.30	38	37	37.30	38	37	37.30
TOTAL LOCALLY FUNDED POSITIONS	3,908	2,989	3,294.50	3,878	2,971	3,271.40	3,897	2,991	3,290.70

(Kansas Statutes Annotated)**79-1973. Temporary suspension of statutory fund and aggregate levy limitations on taxing subdivisions.**

(a) In 1983, all existing statutory fund and aggregate levy limitations on taxing subdivisions are suspended. In such year, any taxing subdivision is authorized either to levy taxes upon tangible property which produces an amount not in excess of the amount which was authorized to be levied by such taxing subdivision in the next preceding year or levy taxes upon tangible property at a rate not exceeding the existing statutory fund or aggregate levy limitation. The tax levy required to produce the amount allowed by the provisions of this subsection shall be the levy limit for 1986, 1987 and 1988 unless such tax levy is less than the existing statutory fund or aggregate levy limitation, in which case such statutory fund or aggregate levy limitation shall apply.

(b) As used in this section, "taxing subdivision" means every taxing district in the state other than the state.

(c) Nothing in this act shall apply to the limitations on aggregate tax levies imposed by the provisions of K.S.A. 79-5001 to 79-5016, inclusive, and amendments thereto.

79-2925. Budgets of taxing bodies; application of act; exceptions; definitions.

(a) This act shall apply to all taxing subdivisions or municipalities of the state, except:

- (1) Townships in counties having the county road unit system which have an annual expenditure of less than two hundred dollars;
- (2) Money received by such taxing subdivision or municipality as a gift or bequest;
- (3) Revolving fund set up for the operation of a municipal airport. Any city, board of park commissioners, or other agency designated and authorized to operate a municipal airport is hereby authorized to set up a revolving fund for use as an operating fund, either out of the budget or out of the receipts from the operation of such airport, in an amount as may be reasonable and necessary as an operating fund for the efficient and business-like operation of such airport. The financial transactions of said airport shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds. Profits arising from the operation of the airport after the payment of all necessary operating expenses and the establishment of the revolving fund shall be applied to reduce the tax levy for the budgeted fund under which the operation of such airport is financed;
- (4) Any special recreation facilities reserve set up by the board of park commissioners in any city for the repair, replacement, or addition to the recreation facilities of such city. The financial transactions of

said recreation facilities shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds. Profits arising from the coliseum events fund and the coliseum concessions, after the payment of all necessary expenses, and the establishment and maintenance of such special recreation facilities reserve shall be applied to reduce the tax levy for the budget fund under which the operation of such recreation facilities is financed; and

- (5) Any special recreation facilities fund set up by the board of county commissioners for the operation of a county coliseum. The financial transactions of the special recreation facilities fund shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds. Moneys derived from the operation of a county coliseum and deposited in the special recreation facilities fund shall be applied to reduce the tax levy for the budget fund under which the operation of such county coliseum is financed.

(b) Whenever the term "fund" is used in this act it is intended to have reference to those funds which are authorized by statute to be established. "Fund" is not intended to mean the individual budgeted items of a fund, but is intended to have reference to the total of such individual items.

(c) Whenever the term "director" is used in this act it shall mean the state director of property valuation.

79-2926. Budget forms prescribed; furnished by director of accounts and reports; duties of certain officers.

The director of accounts and reports shall prepare and prescribe forms for the annual budgets of all taxing subdivisions or municipalities of the state. Such forms shall show the information required by this act and by K.S.A. 1973 Supp. 79-4401 *et seq.* [*], necessary and proper to fully disclose complete information as to the financial condition of such taxing subdivision or municipality, and the receipts and expenditures thereof, both past and anticipated. All such budget and tax levy forms shall be printed by the director of printing and in such quantity as required by the director. The director shall deliver the forms for all school districts to the clerk of the board of education of each school district. The forms for all other taxing subdivisions or municipalities of the state shall be delivered by the director to the county clerk of each county, who shall immediately deliver the same to the presiding officer of the governing body of the said respective taxing subdivisions or municipalities within the county. Whenever in article 29 of chapter 79 of Kansas Statutes Annotated the words state auditor or auditor of state, or words of like effect, occur, the same shall mean director of accounts and reports.

79-2927. Itemized budget; parallel columns showing corresponding items and revenue; non-appropriated balances; balanced budget required. The governing body of each taxing subdivision or municipality shall meet not later than the first day of August of each year, and shall prepare in writing on forms furnished by the director of accounts and reports a budget itemized and classified by funds and showing amounts to be raised by taxation and from other sources for the ensuing budget year. The budget shall show in parallel columns all amounts and items to be expended for the ensuing budget year and the amounts appropriated for corresponding or other items during the current budget year and amounts expended for corresponding or other items during the preceding budget year. The budget for each fund shall not include any item for sundry or miscellaneous purposes in excess of 10% of the total. Except for school districts, municipal universities and community colleges, the budget for each fund may include a non-appropriated balance of not to exceed 5% of the total of each fund.

The budget shall show in parallel columns the amount of revenue actually received from taxation and from other sources, with the amount from each source separately stated for the preceding budget year and the amount actually received and estimated to be received from taxation and from sources other than direct taxation with the amount for each source separately stated for the current budget year and also the amount estimated to be received during the ensuing budget year, with the amount estimated to be received from each source separately stated. The budget of expenditures for each fund shall balance with the budget of revenues for such fund and that portion of the budget of revenues to be derived from ad valorem property taxation shall not exceed the amount of tax which can be raised by any fund limit or aggregate limit placed upon such fund.

79-2929. Proposed budget; amendments; public hearing; notice, publication and contents. Prior to the filing of the adopted budget with the county clerk, the governing body of each taxing or political subdivision or municipality shall meet for the purpose of answering and hearing objections of taxpayers relating to the proposed budget and for the purpose of considering amendments to such proposed budget. The governing body shall give at least 10 days' notice of the time and place of the meeting by publication in a weekly or daily newspaper of the county having a general circulation therein. Such notice shall include the proposed budget and shall set out all essential items in the budget except such groupings as designated by the director of accounts and reports on a special publication form prescribed by the director of accounts and reports and furnished with the regular budget form. The notice of a governing body of any taxing subdivision or municipality having an annual expenditure of \$500 or less shall specify the time and place of the meeting required by this section but shall not be required to include the proposed budget of such taxing subdivision or municipality.

79-2930. Submission of adopted budgets and additional information pertaining thereto to county clerk; duties of county clerk; limitation on taxes levied, exception.

(a) Two copies of the budget certificate giving the amount of ad valorem tax to be levied and the total amount of the adopted budget of expenditures by fund, along with itemized budget forms for each and every fund and proof of publication of the notice of budget hearing containing the budget summary shall be presented to the county clerk within the time prescribed by K.S.A. 79-1801 as amended. Where action has been taken under any statute to increase the amount of tax to be levied authorized by law, a statement showing the increased amount or tax levy rate voted, or a copy of the charter resolution or ordinance making the change, shall be attached to the budget each year the change is in effect.

(b) The county clerk shall make any reductions to the ad valorem tax to be levied, compute the tax levy rates based on the final equalized assessed valuation, and enter such on the budget certificate before attesting the budget. A copy of all budgets for taxing subdivisions of the county, properly attested, shall be filed with the director of accounts and reports, along with a copy of the tax levy rate summary required of the county treasurer by K.S.A. 79-2002, and amendments thereto.

(c) Each fund of the adopted budget certified to the county clerk in no event shall exceed the amount of ad valorem tax to be levied and the proposed expenditures of such fund in the proposed budget as originally published. The governing body of each taxing subdivision shall not certify an amount of ad valorem taxes to be levied that is in excess of any tax levy rate or amount limitations or any aggregate tax levy limitations. The governing bodies, in fixing the amount may take into consideration and make allowance for the taxes which may not be paid, such allowance, however, shall not exceed by more than 5% the percentage of delinquency for the preceding tax year.

79-2933. Time for budget hearing; adoption; validity of levies. The hearing herein required to be held upon all budgets by all taxing subdivisions or municipalities of the state shall be held not less than ten (10) days prior to the date on which they shall certify their annual levies to the county clerk as required by law. After such hearing the budget shall be adopted or amended and adopted as amended, but no levy shall be made until and unless a budget is prepared, published and filed, but no levy of taxes shall be invalidated because of any insufficiency, informality, or delay in preparing, publishing and filing said budget.

79-2934. Funds appropriated by budget; balances; duties of clerks and officers; distribution of tax proceeds. The budget as approved and filed with the county clerk for each year shall constitute and shall hereafter be declared to be an appropriation for each fund, and the appropriation thus made shall not be used for any other purpose. No money in any fund

shall be used to pay for any indebtedness created in excess of the total amount of the adopted budget of expenditures for such fund. Any balance remaining in such fund at the end of the current budget year shall be carried forward to the credit of the fund for the ensuing budget year. The clerk or secretary of each taxing subdivision or municipality shall open and keep an account of each fund, showing the total amount appropriated for each fund, and shall charge such appropriation with the amount of any indebtedness created at the time such indebtedness is incurred. If any indebtedness is reimbursed during the current budget year and the reimbursement is in excess of the amount which was shown as reimbursed expense in the budget of revenues for the current budget year, the charge made shall be reduced by the amount of the reimbursement.

No part of any fund shall be diverted to any other fund, whether before or after the distribution of taxes by the county treasurer, except as provided by law. The county treasurer shall distribute the proceeds of the taxes levied by each taxing subdivision in the manner provided by K.S.A. 12-1678a, and amendments thereto.

79-2935. Creation of indebtedness in excess of budget unlawful; exceptions. It shall be unlawful for the governing body of any taxing subdivision or municipality in any budget year to create an indebtedness in any manner or in any fund after the total indebtedness created against such fund shall equal the total amount of the adopted budget of expenditures for such fund for that budget year. Any indebtedness incurred by the governing body or any officer or officers of such taxing subdivision or municipality in excess of said amount shall be void as against such taxing subdivision or municipality: *Provided*, That indebtedness may be created in excess of the total amount of the adopted budget of expenditures for the current budget year only when payment has been authorized by a vote of the municipality, or when provision has been made for payment by the issuance of bonds, or when provision has been made for payment by the issuance of warrants authorized by the commission in accordance with the provisions of K.S.A. 79-2938, 79-2939 and 79-2940.

79-2936. Removal from office for violation. Any member of the governing body, or any other officer of any taxing subdivision or municipality of the state, who violates any of the provisions of this act shall be subject to removal from office.

(Kansas Statutes Annotated)

10-1101. Definitions. The following words, terms and phrases, when used in this act, shall have the meanings respectively ascribed to them in this section, except in those instances where the context clearly indicates a different meaning:

(a) "Municipality" means any county, township, city, municipal university, school district, community college, drainage district and any other taxing district or political subdivision of the state which is supported with tax funds.

(b) "Governing body" means the governing body of a municipality.

(c) "Person" means any person, partnership, association or corporation.

(d) "Claim" means any claim arising on contract express or implied, or a claim determined by final judgment, but shall not include claims arising from alleged tort or negligence on the part of the municipality.

10-1102. Cash basis for municipalities. All municipalities are required to pay or refinance their valid indebtedness as in this act provided, in the manner and at the times herein set forth, and to contract no indebtedness after May 1, 1933, except as herein provided. It is hereby declared that the purpose of this act is to provide for the funding and payment of all legal debts and obligations except present bonded indebtedness of all municipalities and for the future conduct of the financial affairs of such municipality upon a cash basis.

10-1112. Issuance of warrants and other evidences of indebtedness unlawful. Unless otherwise provided in this act, it shall be unlawful after May 1, 1933, for the governing body of any municipality to create any indebtedness in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose, or to authorize the issuance of any order, warrant, or check, or other evidence of such indebtedness of such municipality in excess of the funds actually on hand in the treasury of such municipality at the time for such purpose.

10-1113. Creating indebtedness in excess of funds unlawful; exceptions. Unless otherwise provided in this act, it shall be unlawful after May 1, 1933, for any member of any governing body of any municipality to knowingly vote for or in any manner aid or promote the passage or adoption of any order, motion, ordinance, resolution, legislation or other act of said governing body, creating an indebtedness in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose, or to knowingly vote for the drawing of any order, warrant or check, or other evidence of such indebtedness on the treasury of said municipality, in payment of any such indebtedness, in excess

of the amount of funds actually on hand in the treasury at the time for such purpose. School districts and community junior colleges, may, however, issue cancelable purchase orders for school supplies and equipment, school buses, books purchased in conjunction with textbook rental programs and data processing equipment in advance of the budget year during which moneys will become available to pay for such purposes, but contracts for the purchase of such school supplies and equipment, books, buses and data processing equipment cannot be entered into except during the budget year in which moneys will become available for such purchases and risk of loss and title thereto shall not pass to the school district or community junior college prior to entering into such contracts. Issuance of such a cancelable purchase order shall not constitute an indebtedness within the meaning of K.S.A. 79-2935.

10-1114. Clerks not to issue or sign orders. Unless otherwise provided in this act, it shall be unlawful after May 1, 1933, for the clerk or secretary of any governing body of any municipality to knowingly issue, attest, sign or countersign any order, warrant, check or other evidence of indebtedness, on the treasury of the municipality, in payment of any indebtedness of such municipality created by the governing body of such municipality in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose.

10-1115. Treasurers not to pay orders. Unless otherwise provided in this act, it shall be unlawful after May 1, 1933, for the treasurer of any municipality to knowingly pay any order, warrant, check or other evidence of indebtedness out of the treasury of such municipality in excess of the amount of funds actually on hand in the treasury at the time for such purpose.

10-1116. Limits of indebtedness may be exceeded, when; creating indebtedness in violation of act unlawful.

(a) The limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of Kansas Statutes Annotated may be exceeded when:

- (1) Payment has been authorized by a vote of the electors of the municipality;
- (2) Provision has been made for payment by the issuance of bonds or temporary notes as provided by law;
- (3) Provision has been made for payment by the issuance of no-fund warrants authorized by law and in the manner, and limited in amount as prescribed by law;
- (4) Provision has been made for a revolving fund for the operation of any municipal airport financed and sustained partially or wholly by fees, rentals, proceeds from the sale of merchandise or charges for rendering services, received from the users of such airport; or

- (5) Provision has been made for payment pursuant to a service agreement entered into pursuant to K.S.A. 12-5503.

(b) Notwithstanding any other limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of Kansas Statutes Annotated, the following funds shall have as a limit of indebtedness an amount equal to 100% of the accrued revenue of the current fiscal year plus any balances carried forward, cash reserves, intergovernmental grants, and sums advanced to qualify for intergovernmental grants:

(1) Special recreation facilities reserve funds set up by any board of park commissioners or any municipality for a revolving fund for the repair, replacement or addition to recreational facilities;

(2) Enterprise funds set up in any municipality to account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public, such as municipal utilities engaged in the provision of water, electricity and natural gas and sanitary sewer systems which are financed by user charges; or

(3) Intragovernmental service funds or working capital funds established in any municipality to finance and account for services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit such as funds established for central garages and motor pools, central printing and duplicating services and central purchasing and stores departments.

The board of education of any school district, the board of regents of any municipal university or the board of trustees of any community college may enter into contracts for teachers and other necessary employees and for continuing operating expenses in excess of the amount of funds actually on hand for that purpose. The limit of indebtedness provided by this section shall never exceed 100% of the amount actually expended for school purposes for the last preceding fiscal year during which school was conducted.

(c) It shall be unlawful for any member of the governing body of any municipality, as defined in K.S.A. 10-1101, and amendments thereto, to knowingly vote for or in any manner aid or promote the entering into of any contract or the creation of any other indebtedness in violation of the provisions of this section.

10-1116a. Exemptions from cash basis law; municipal utilities; issuance of no-fund warrants; drought emergencies. The provisions of this act shall not apply to expenditures in excess of current revenues made for municipally owned and operated utilities out of the fund of such utilities caused by, or resulting from the meeting of, extraordinary emergencies including drought emergencies. In such cases expenditures in excess of current revenues may be

made by declaring an extraordinary emergency by resolution adopted by the governing body and such resolution shall be published at least once in a newspaper of general circulation in such city. Thereupon, such governing body may issue interest bearing no-fund warrants on such utility fund in an amount, including outstanding previously issued no-fund warrants, not to exceed 25% of the revenues from sales of service of such utility for the preceding year. Such warrants shall be redeemed within three years from date of issuance and shall bear interest at a rate of not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto. Upon the declaration of a drought emergency, the governing body may issue such warrants for water system improvement purposes in an amount not to exceed 50% of the revenue received from the sale of water for the preceding year. Such warrants shall be redeemed within five years from the date of issuance and shall bear interest at a rate not to exceed the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto.

10-1116b. Lease, lease-purchase or installment-purchase agreements; agreements for electric interconnection or transmission facilities; when allowed under cash-basis law. Nothing in the provisions of K.S.A. 10-1101 *et seq.*, and amendments thereto, shall prohibit a municipality from entering into (1) an agreement to pay for electric interconnection or transmission facilities or services, (2) a lease agreement, without an option to buy, or (3) a lease-purchase agreement, if any of such agreements specifically state that the municipality is obligated only to pay periodic payments or monthly installments under the agreement as may lawfully be made from (a) funds budgeted and appropriated for that purpose during such municipality's current budget year or (b) funds made available from any lawfully operated revenue producing source. For the purpose of this act, a lease-purchase agreement shall include a lease with an option to buy or an installment-purchase agreement.

10-1116c. Lease-purchase agreements; conditions; protest petition and election, when. Any lease-purchase agreement entered into pursuant to this act shall be subject to the following conditions:

(a) If the proposed agreement is for a term exceeding the current fiscal year of the municipality, it shall be approved by a majority vote of all members of the governing body.

(b) If the proposed agreement involves the acquisition of land or buildings by a municipality other than a county, school district or community college, is for a term of three or more years, and provides for payments in any year in excess of 3% of the total amount budgeted by the municipality for expenditure during the current year, excluding debt service, a notice thereof specifying the purpose and the total of all payments shall be published once each week for two consecutive weeks in a newspaper of general circulation within such municipality. If, within 30 days following the last

publication of such notice, a petition in opposition to the agreement signed by not less than 5% of the qualified voters of such municipality is filed with the appropriate county election officer, no such agreement shall take effect unless and until the same is approved by a majority of the qualified voters of such municipality voting at an election thereon. Any such election shall be called and held in accordance with the provisions of K.S.A. 10-120, and amendments thereto, or in accordance with the provisions of the mail ballot election act.

(c) If the municipality is a county, school district or community college and the proposed agreement involves the acquisition of land or buildings, is for a term exceeding the current fiscal year of the municipality, and provides for annual payments which in the aggregate exceed \$100,000, the governing body of such municipality first shall adopt a resolution stating its intent to enter into such lease-purchase agreement. The resolution shall specify the total of all payments to be made pursuant to the agreement and the purpose for which such agreement is to be entered into. The resolution shall be published once each week for two consecutive weeks in a newspaper of general circulation within the municipality. If a protest petition signed by not less than 5% of the qualified voters of the municipality, as determined by the vote for secretary of state at the last general election, is filed with the appropriate county election officer within 30 days following the last publication of the resolution, no such agreement shall take effect unless approved by a majority of the qualified voters of the municipality voting at an election thereon. Any such election shall be called and held in the manner provided by K.S.A. 10-120, and amendments thereto, or in accordance with the provisions of the mail ballot election act. If no such protest petition is filed within the time limitation contained herein, the governing body of the municipality may enter into such agreement. If an election is held pursuant to a protest petition and a majority vote is cast in favor of the proposition, the governing body of the municipality shall have authority to enter into such agreement.

(d) If the proposed agreement is for a term exceeding the current fiscal year of the municipality, the agreement shall specify the following:

- (1) The amount or capital cost required to purchase the item if paid for by cash,
- (2) The annual average effective interest cost, and
- (3) The amount included in the payments for service, maintenance, insurance or other charges exclusive of the capital cost and interest cost.

10-1117. Clerk or secretary; record of moneys; contracts and indebtedness of municipality; records of orders, warrant checks; exhibition of records upon request; notice. The clerk or secretary of every municipality shall keep a record of the amount of money in the treasury and each particular fund and shall keep a record of all indebtedness and contracts creating a liability against the municipality. In such records there shall be shown the date of the making of the

contract or the creation of the debt, the amount of the contract or debt, the time payable, and the particular fund from which payment is to be made. Such clerk or secretary shall also keep a record of each order, warrant check or check, drawn on the treasury and paid, giving the date of payment. Such clerk or secretary shall, upon the request of any person, exhibit such records to such person and any person contracting with the municipality shall be chargeable with knowledge of what such records contain.

10-1118. Treasurer; record of moneys on hand and in each fund; exhibition of record or statement in writing. The treasurer of every municipality shall keep a record of the amount of money on hand in the treasury, which record shall show at all times the amount of money in each particular fund. Such treasurer shall, upon the request of any person, exhibit such record to such person or give such person a statement in writing, showing the balances on hand in each of the funds of the municipality.

10-1119. Void contracts and orders. Any contract entered into between the governing body of any municipality and any person, which violates the provisions of this act, shall be void, and any order, warrant, check or other evidence of indebtedness drawn on the treasurer of any municipality in violation of the provisions of this act shall be void.

10-1120. Excess tax levying not basis of protest. The levying of a tax by any municipality which raises more money than is used or needed for the tax year shall not be the basis of a protest by any taxpayer and all such protests shall be of no force or effect.

10-1121. Penalties for violations. Any member of any governing body of any municipality or any clerk or secretary or treasurer of any governing body of any such municipality who shall knowingly violate any of the provisions of this act shall be guilty of malfeasance in office and shall, by such violation, be subject to be removed from office and in addition any member of such governing body or clerk or secretary or treasurer of such municipality who shall violate any of the provisions of this act, or neglect or refuse to perform any duty herein imposed, shall be deemed guilty of a misdemeanor, and upon conviction thereof in a court of competent jurisdiction shall be subject to a fine of not less than \$10 nor more than \$1,000.

10-1122. Invalidity of part. Should the courts declare any section, clause or provision of this act unconstitutional, the decision shall affect only the section, clause or provision so declared to be unconstitutional, and shall not affect any other section, clause or provision of this act.

(Kansas Statutes Annotated)

10-308. Cities; limitations.(a) Except as provided in this section and K.S.A. 10-309, and amendments thereto, and in any other statute which specifically exempts bonds from the statutory limitations on bonded indebtedness, the limitation on bonded indebtedness of cities shall be governed by this section. The authorized and outstanding bonded indebtedness of any city shall not exceed 30% of the assessed valuation of the city.

(b) The authorized and outstanding bonded indebtedness of Olathe shall not exceed 35% of the assessed valuation of the city. The provisions of this subsection shall expire on June 30, 1990.

(c) For the purpose of this section, assessed valuation means the value of all taxable tangible property as certified to the county clerk on the preceding August 25 which includes the assessed valuation of motor vehicles as provided by K.S.A. 10-310, and amendments thereto.

10-309 Limitation on bonded indebtedness of cities; exceptions. Notwithstanding the provisions of K.S.A. 10-308 and amendments thereto: (a) Bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any storm or sanitary sewer system; or

(b) Bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any municipal utility; or

(c) Bonds issued by any city to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city or school district property, shall not be included in computing the total bonded indebtedness of the city for the purposes of determining the limitations on bonded indebtedness provided in K.S.A. 10-308 and amendments thereto.

10-310. Computation of valuation for bonded indebtedness limitation purposes. The county clerk shall add (1) the taxable value of each motor vehicle, as shown on the application for registration for the previous year or as otherwise established in the manner prescribed by K.S.A. 79-5105, and amendments thereto, and (2) the taxable value of motor vehicles established in the manner prescribed by K.S.A. 79-1022, and amendments thereto, to the equalized assessed tangible valuation on the tax roll of each taxing subdivision in which such motor vehicle has acquired tax situs. The resulting total shall constitute the equalized assessed tangible valuation of the taxing subdivision for the computation of limitations upon bonded indebtedness and for all other purposes except the levying of taxes and the computation of limitations thereon.

10-311. Revenue bonds and municipality, defined; revenue bonds excluded from computation of bonded indebtedness. (a) "Revenue bonds" mean bonds issued by

any municipality to be paid from the revenue derived from the operation of a publicly owned utility, instrumentality or facility of a revenue producing character, or which are not general obligations of the issuing municipality.

(b) "Municipality" means any city, county, municipal or quasimunicipal corporation or other political subdivision of the state authorized to issue revenue bonds.

(c) Revenue bonds issued by a municipality shall not be included in computing the total bonded indebtedness of such municipality for the purpose of determining the limitations on bonded indebtedness of such municipality.

10-427a. Same; conditions and limitations; proceeds, disposition and investment. (a) Refunding bonds issued under the authority of K.S.A. 10-427, and amendments thereto, may be sold or exchanged for the bonds being refunded either as a whole or in installments at any time either at, before or after the maturity of the bonds being refunded. Such bonds shall be exempt from statutory limitations of bonded indebtedness and shall not be included in computing the total bonded indebtedness of the municipality for the purpose of applying any statute limiting the bonded indebtedness of the municipality.

(b) If refunding bonds are sold more than six months prior to the maturity or earliest prior redemption date of the bonds being refunded, the proceeds derived from the sale, together with any other moneys on hand, shall be placed in escrow under a trust agreement with a Kansas bank having full trust powers. The proceeds and moneys shall be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America or municipal obligations which are secured by direct obligations of the United States of America, and which shall mature or be subject to redemption by the holders thereof not later than the respective dates when the proceeds of the obligations together with the interest accruing thereon and any other moneys or investments held in escrow will be required for the purposes intended. The trust agreement shall pledge or assign the moneys and investments held in trust for the payment of the principal of the bonds being refunded and may pledge or assign the moneys and investments held in trust for the payment of the interest on the bonds being refunded and any redemption premium thereon. The trust agreement may pledge or assign any of the obligations or other moneys or investments, or interest accruing thereon, held in trust, which are in excess of the amount of the obligations and other moneys and investments held which is equal to the amount of the principal of the bonds to be refunded which comes due on the date for which the bonds may have been called for redemption or irrevocable instructions to call bonds for redemption have been given and any redemption premium thereon, for the payment of the principal of and interest on any or all of the refunding bonds and any redemption premium thereon, and shall contain provisions for protecting and enforcing the rights and remedies of the holders of the bonds.

A. Financial Policies and Guidelines (Revised March 1994)

The City of Wichita's financial policies set forth the basic framework for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, the policies assist the decision-making process of the City Council and the management. The financial policies provide guidelines for evaluating both current activities and proposals for future programs.

Most policies represent long-standing principles, traditions, and practices that guide the City and help to maintain its financial stability. They should be reviewed annually.

Operating Budget Policies

1. The City attempts to maintain its present service level for all priority and essential services within existing tax rates, as adjusted for normal growth in the tax base. No new services are added without offsetting expenditure reductions or increases in tax revenues. A phase-in increase to the mill levy to restore the debt service levy to the 1992 level was completed in 1995. Loss of assessed value through the November 1992 classification amendment to the State Constitution required a one-time only mill levy increase (1993 taxes for the 1994 budget).
2. The City maintains a financial and budgetary control system to ensure adherence to the budget and an awareness of the financial environment, preparing quarterly reports to compare actual revenues and expenditures to budgeted amounts, analyzing operating surplus or deficit conditions, and balance sheets on all City funds.
3. The City integrates performance measurement and productivity indicators with the budget.
4. The City attempts to avoid layoffs in all actions to balance the budget. Any personnel reductions are scheduled to come primarily from attrition.
5. The City emphasizes efforts to reduce major cost centers.
6. Airport, Golf, Sewer, Water, and Storm Water enterprise funds are self-supporting.
7. Privatization, volunteerism, incentive programs, public/private partnerships and other alternatives are used whenever possible to provide services.
8. The City endeavors to mitigate subsidies for the Transit system.
9. Charges for internal services are set at the lowest possible level to maintain essential programs.

Revenue Policies

The City directs efforts to maintaining a diversified and stable revenue system to shelter it from short-run fluctuations in any one revenue source.

1. The City attempts to obtain additional major revenue sources as a way of insuring a balanced budget.

2. The City follows an aggressive revenue collection policy.
3. The City establishes all user charges and fees at a level related to the full cost (operating, direct, indirect, and capital) of providing the service.
4. The City reviews fees/charges annually and designs and modifies revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service. The City considers market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees, and charges.

Investment Policies

1. Disbursement, collection, and deposit of all funds are managed to insure maximum cash availability.
2. The City strives to maximize the return on investments consistent with the primary goal of preserving capital in accordance with the City's ordinance and prudent investment practices.

Debt Policies

1. The City confines long-term borrowing primarily to capital improvements.
2. In anticipation of bonding, the City uses short-term debt.
3. The City follows a policy of full disclosure on every financial report and bond prospectus.
4. Revenue bonds are issued when practical for City enterprises to reduce the amount of the City's general obligation debt.
5. The City maintains an aggressive retirement of existing debt over 10 years for city-at-large debt and 15 years for special assessment debt.
6. The City uses general obligation debt to fund general purpose public improvements which cannot be financed from current revenues.
7. The City uses special assessment general obligation debt to fund special benefit district improvements consistent with existing policies.

Reserve Policies

1. The City maintains a revenue reserve to pay for expenses caused by unforeseen emergencies or for shortfalls caused by revenue declines. This reserve is established at no less than 5 percent and no greater than 10 percent of annual revenues.
2. The City maintains a contingency expenditure account to provide for unanticipated expenditures of a nonrecurring nature, or to meet unexpected small increases in service delivery costs.
3. Reserves in excess of these amounts in the General Fund shall be used for one-time only expenditures.
4. The City maintains a debt service fund reserve at year end equivalent to 5 percent of annual revenues of the debt

service fund. Any amount in excess of this reserve will be used to reduce capital project fund general purpose expenditures.

5. Adequate levels of working capital shall be maintained in all proprietary funds.

Accounting, Auditing, and Financial Reporting Policies

1. An independent audit is performed annually and completed not later than June 1 of each year.
2. The City produces annual and monthly financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

B. Capital Improvement Program Guidelines (March 1994)

The Capital Improvement Program (CIP) guides new construction and improvements to the City's infrastructure and facilities, ranging from road expansion to repairs on publicly owned buildings to acquisition of new water sources.

The CIP requires a sound operating budget and a solid financial base to allow for debt or cash financing of capital projects. A well prepared operating budget can also assist in raising or maintaining the bond rating of the City. A higher bond rating means that the City pays a lower interest rate for the bonds sold to finance capital projects.

The annual budget process takes into account requirements of funding infrastructure, maintenance, and related operational costs. Since the CIP is primarily funded from property taxes, mill levy changes in the annual operating budget can mean changes in resources available for capital projects.

Revenue Sources and Projections

Development of the CIP has two phases. The first phase is revenue projections. Like revenue projections for the operating budget, trends are studied, and performance assumptions are generated. From these assumptions, expenditure estimates are developed. Since the CIP is a ten-year plan, revenue projections must be made further into the future than those required for the operating budget.

Existing debt service obligations are considered when estimating the additional amount of debt that can be assumed under the City's policy. After the new debt for proposed projects is calculated and all revenue sources are identified, projects are prioritized and funds are allocated for the ten year planning period. The revenues and debt service expenditures for that part of the CIP financed from property and sales taxes are managed through the Debt Service Fund. Components of revenue funding the CIP are noted below:

1. The mill levy is projected at 10 mills for the ten year CIP period.
2. Sales tax revenue for freeway and road construction is managed through the Sales Tax Trust Fund until the funds are transferred to projects or to the Debt Service Fund to pay debt service on sales tax general obligation bonds.
3. Special assessments made against properties fund portions of the CIP.
4. Motor vehicle taxes collected by Sedgwick County on all motor vehicles not subject to property or ad valorem taxes are a CIP revenue source.
5. Interest earnings on the fund balance and current revenues contribute to CIP revenue.
6. Transfers from other funds such as the Tourism and Convention Fund for Expo Hall, Lawrence Dumont Stadium, and parking facilities, and from Tax Increment Financing Funds for economic development projects, are considered in revenue estimating.
7. Other proceeds considered when developing the CIP are from the sale of City owned property.

Other parts of CIP financing are budgeted as debt service in proprietary funds.

Project Review

The second phase of the developing the CIP involves the project request. Each project request is sent to major corporations, community organizations, District Advisory Boards, and other groups would be impacted. Any interested party may submit a project for consideration by City engineers and the CIP Administrative Committee.

The CIP Administrative Committee, through a series of meetings, develops the project plan for the term of the program. Projects are studied and are ranked according to criteria set forth by the Committee.

Projects proposed for the CIP are reviewed, evaluated, and recommended under the following guidelines:

1. General revenue-supported debt: Maintain a Capital Improvement Program within the debt limitations established by state law, and within a maximum local mill levy debt service established by the City Council.
2. Capital improvement projects must meet the established useful life criteria to be financed: (a) public buildings, 40 year general life, 10 year financing; (b) new road construction, 40 year general life, 10 year financing; (c) major road and bridge rehabilitation, 15 year general life, 10 year financing; (d) water, sanitary sewers, and drainage, 40 year general life, 20 year financing; (e) miscellaneous items, based on asset life, 10 year financing; and (f) local sales tax projects, 10 and 15 year financing with double barreled bonds.
3. Utility Revenue Bonds are utilized when necessary and feasible to finance Public Improvements using a 20-year

amortization to minimize the impact of annual revenue requirements (see fees).

4. Maintenance of the highway and street system to provide safe and effective vehicular access and efficient urban traffic flow emphasizing the following: (a) Expedite the plans (in cooperation with Sedgwick County) for constructing and financing US-54, maximizing state and federal funds supplemented by local sales tax; (b) Concentrate efforts on selected cross-town arterials and intersections to improve traffic movement, safety and reduce congestion; (c) Include features in new projects which will reduce future maintenance requirements (i.e., delineation of crosswalks, low-maintenance medial treatment, etc.); (d) Complete railroad crossing improvements on arterials; and (e) Provide good streets and roadways to serve City facilities (i.e., Art Museum, Cowtown, Expo Hall, Airport, etc.).
5. Provide improvements in the downtown area.
6. Continuation of Neighborhood Improvement Program in conjunction with code enforcement.
7. Emphasize projects in problem areas without regard to the percentage of the total CIP funds available. Under no circumstances will all projects be selected from one area of the City.
8. Develop a balanced capital maintenance program for all types of City assets.
9. Include beautification and landscape improvements in projects, especially on arterials and highways, public facilities, etc.
10. Insure an adequate water supply for existing neighborhoods and for the planned growth and development of the City.

Hearings and Adoption of the CIP

Upon completion of the Administrative Committee's plan, the committee's recommendations are forwarded to the City Manager and then to the City Council. Hearings are held before the Metropolitan Area Planning commission and the District Advisory Boards. Like the operating budget, the City Council hears public comments on the CIP prior to adoption. The City Council may shift, add, or delete projects in the proposed CIP.

Implementation

After the CIP is adopted by the City Council, departments use the CIP as a guide for implementing capital improvements. Initiation of each project must be authorized individually by the City Council through the adoption of an ordinance or resolution.

Budgeting for Ongoing Operating Costs of CIP Projects

As a general practice, the proposed 10-year CIP is developed and revised in a process that parallels development of the City's two-year budget. Departments provide estimated ongoing costs associated with CIP projects so all costs can be considered in the evaluation process. When a project is completed, the operating costs are included in the department's operating budget.

Reporting Entity. For financial reporting purposes the City includes financial information for the appointive boards and commissions that are controlled by or dependent on the City. Control or dependence is determined on the basis of oversight responsibility, budget adoption, taxing authority, funding and appointment of respective governing boards. The boards and commissions which are appointed by the elected City officials, accountable for fiscal matters related thereto and for which the City provides accounting services include: Art Museum, Wichita Airport Advisory Board, Library Board, Board of Park Commissioners Advisory Board, Metropolitan Transit Advisory Board, and the Board of Housing Commissioners.

The financial activities of these boards and commissions are reflected in the special revenue, capital project, enterprise and expendable trust funds as appropriate.

Basis of Accounting. The accrual basis of accounting is used for all funds except the governmental fund types, expendable trust funds and agency funds which use the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

1. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Revenues received prior to their normal time of receipt are recorded as deferred revenues.
2. Disbursements for the purchases of capital assets providing future benefits are treated as expenditures and are accounted for in the general fixed assets account group. Appropriations for capital projects are carried forward until such time as the project is completed or terminated.
3. Interest on general long term debt is not accrued but is recorded as an expenditure on its due date.

Budgetary Control. Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all federal and state assistance funds, all capital project funds, the Transit Fund, the Airport Fund, the Golf Course System Fund and all trust and agency funds. Controls over spending in funds that are not subject to legal budgets are maintained by the use of internal spending limits established by management. For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period except for special assessments of the bond and interest fund, which are recognized on the cash basis.

Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. Encumbrances of the budgeted governmental fund types, represented by purchase orders, contracts and other commitments, are reported as a charge to the current year budget. For budget purposes, unencumbered cash balances are determined by deducting liabilities and

encumbrances from cash and receivables susceptible to accrual.

The statutes provide for the following sequence and timetable in adoption of budgets:

Preparation of budget for the following calendar year begins on or before August 1 of each year.

1. Publication of proposed budget on or before August 5 of each year.
2. A minimum of ten days notice of public hearing, published in local newspaper, on or before August 15 of each year.
3. Adoption of final budget on or before August 25 of each year.

Kansas statutes permit transferring budgeted amounts from one object of purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year, except for capital project funds which are carried forward until such time as the project is completed or terminated. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time.

Additional information regarding funds and budgetary accounting policies may be found in the City of Wichita's Comprehensive Annual Financial Report prepared by the City Controller's Office.

The accounts of the City are organized on the basis of funds and groups of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

Governmental Funds

General Fund. The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund expenditures, are financed through revenues received by the General Fund.

Special Revenue Funds. These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated to finance particular functions or activities of the City. The City maintains a separate special revenue fund for each federal or state grant program.

Debt Service Fund. The bond and interest fund is used to account for the payment of principal and interest on the City's general obligation bonds that are recorded in the general long-term debts group of accounts. Revenues for this purpose include ad valorem property taxes, special assessment taxes, investment interest income and City Hall parking lot revenues.

Capital Project Funds. The capital project funds account for capital improvements (except for those financed by proprietary funds) which are financed from the City's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

Proprietary Funds

Enterprise Funds. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

Internal Service Funds. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies for the City and other governmental units, on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds. Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units and other funds. These include expendable and pension trust funds and agency funds.

Account Groups

General Fixed Assets Account Group. This group of accounts is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group. This group of accounts is established to account for all long-term debt of the City, except that accounted for in the proprietary funds. Under the statutes of the State of Kansas, debt issued to finance special assessment project's constitutes a general obligation of the City. Therefore, this debt is recorded in the general long-term debt account group and is serviced through the Debt Service Fund. The City does not issue special assessment bonds.

Administrative charges. Reimbursements to the General Fund for the indirect costs incurred against General Fund budgets for the indirect support of departments and operations funded outside the central administrative divisions (administrative procedure).

Ad valorem property taxes. Taxes levied against the assessed valuation of taxable real and personal intangible property in the County. The tax rate is expressed in "mills" per \$1 of the assessed valuation of the property, and is equal to \$1 per \$1,000 of assessed valuation. Currently, Kansas Statutes set the assessment of property as follows:

- residential, 11.5 percent;
- land used for agricultural purposes, 30 percent;
- vacant lots, 12 percent;
- real property used by non-profit organization, 12 percent;
- public utility, 33 percent;
- commercial, 25 percent,
- all other, 30 percent.

Alcoholic liquor tax. A tax on gross receipts from the sale of liquor at retail. (K.S.A., Ch. 79, Art. 41)

Charges for current services and sales. Revenue derived from all charges required for current services and sales such as the recording of legal instruments, the sale of certificates, examination fees, the sale of department division manuals, street cut repairs, and safety charges and sales, nursing fees, and other health charges and sales. (K.S.A., Ch. 12, Art. 7, Ch. 13, Arts. 9 and 14, Ch. 28, Art. 1, Ch. 65, Arts. 24, 708 and 737a; Code of the City of Wichita, Chapters 1.04.070, 2.08, 2.21, 2.24, 6.04, 7.12, 10.20.050, 11.68, 19.08.030, 21.04.040, 22.04.220, and 28.04.210)

Dealer's stamp tax. Taxes paid on new and used automobiles by dealers in lieu of ad valorem taxation on automobile dealers vehicle inventory. (K.S.A., Ch. 79, Art. 10)

Delinquent tangible property tax. Ad valorem property taxes collected from previous tax years. (K.S.A., Ch. 79, Art. 2004 and 2004a)

Federal and State grants and contributions. Revenue received from the federal and state governments for assistance in programs such as low cost housing, youth programs, health-related programs, or other federal and state-supported projects (administrative agreement).

Fines and penalties. Revenue derived from Municipal Court fines, forfeits, and penalties. (K.S.A., Ch. 13, Art. 617; Code of the City of Wichita, Title 4, Intoxicating Liquor; Title 5, Public Safety Morals; Title 11, Traffic)

Franchise fees. An annual fee paid for by People's Gas Co., Westar, Southwestern Bell, Cox Communications, the Wichita Water and Sewer utilities and the Storm Water Utility, for the

privilege of doing business in the municipality. (K.S.A., Ch. 12, Art. 20, Code of the City of Wichita Franchises)

Gasoline tax. A tax on the use, sale, or delivery of all motorvehicle fuels used, sold, or delivered in this state for any purpose whatsoever. Taxation rates are set by a formula established by the Director of Taxation. (K.S.A., Ch. 79, Arts. 3408 and 3425)

Interest earnings. Revenue derived from the proper management of the City's assets, through investment of public funds being held until expended or distributed to other units of government. (Code of the City of Wichita, Section 2.18.030; administrative procedure)

Intergovernmental revenue. Revenue derived from payments to the municipality by other public governments. (K.S.A., Chapters 12, 68, and 79; administrative agreements)

Licenses. Revenue derived from the issuance of a legal permission by the City of Wichita, which authorizes a person to operate a business or occupation in the municipality. The regulation is based on the police power of protecting the public safety, health, and general welfare. (Code of the City of Wichita, Titles 34, 7, 10, 16, 18, 19, 21, 22, 24, 26 and Chapters 3.02 and 3.04)

Local sales tax. A one percent (1%) tax approved by the voters in July 1985, levied on gross retail sales in Sedgwick County in addition to 4.9 percent tax levied by the state of Kansas until June 30, 2002 at which time the state levy increases by one percent to 5.9 percent. (K.S.A., Ch. 12, Art. 1)

Motor vehicle tax. A tax collected by Sedgwick County on all motor vehicles that are not subject to property or ad valorem taxes, such as passenger cars, pickup trucks, and motorcycles. (K.S.A., Ch. 79, Art. 51)

Payment in lieu of taxes. Revenue derived from the issuance of a legal permission by the City of Wichita authorizing certain work to be performed on a particular project. (Code of the City of Wichita, Chapters 10.08, 10.12, 10.24, 10.20, 14, 16.04, 16.08, 17.08, 18.04, 18.04.065, 18.08, 18.12, 18.24, 18.28, 19.08, 21.04, 22.04, 22.08, 24.04, 26.04, 26.04.100., and Uniform Building Code)

Rental income. Revenue derived from the rental of City facilities such as City Hall Cafeteria and Parking Garage, Century II Concert Hall, Omnisphere, LawrenceDumont Stadium, Expo Hall, and Building Services. (K.S.A., Ch. 12, Art. 21 and 631c; Code of the City of Wichita, Chapters 2.21, 7.08, 9.20, 16.04, 15.15, 17.12; Charter Ordinance No. 13, Code of the City of Wichita; administrative procedure)

Special assessments. Charges which the local government makes to pay for a specific service or project such as streets, sewers, curbs, and gutters that benefit a particular piece of real estate. These charges are assessed on the basis of the squire footage of the lot, against the value of the lot, or

on the basis of both lot square footage and value. (K.S.A., Ch. 13, Art. 0; Code of the City of Wichita, Ch. 2.24)

Transient guest tax. A six percent (6%) tax upon the gross receipts paid by guests in any hotel, motel, or tourist courts located in the incorporated territory of the City of Wichita. (K.S.A., Ch. 12, Arts. 1693 and 1694; and, Charter Ordinance No. 184. Code of the City of Wichita)

User fees. Revenue derived from payments made by the general public for the purpose of utilizing goods and services, such as entry fees, Park Department charges, class registrations, tenant rental and concessions. (Code of the City of Wichita, Title 9)

—A—

Administrative Charge. Payments to the General Fund for indirect costs incurred against General Fund budgets.

Ad Valorem Tax. A tax levied on the assessed value of both real and personal property in proportion to the value of the property (commonly referred to as "property tax").

Alcoholic Liquor Tax. A tax on gross receipts from the sale of liquor at retail.

Allocation. Assigning one or more items of cost or revenue to one or more segments of an organization according to benefits received, responsibilities or other logical measures of use.

Appraised Value. Market dollar value given to real estate, utilities, and personal property; established through notification, hearing and appeals and certification process.

Appropriation. An authority and allocation created by City Council that permits the officials to incur obligations against, and to make expenditures of, governmental resources (revenues).

Assessed Value. Appraised value of property adjusted downward by a classification factor, to determine the basis for distributing the tax burden to property owners.

Asset. Resources owned or held by a government which have monetary value.

Attrition. A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs.

Authorized Positions. Employee positions, which are authorized in the adopted budget, to be filled during the year.

Audit. A review of the City's accounts by an independent accounting firm to substantiate year-end fund balances, reserves, and cash on hand.

—B—

Base Budget. Cost of continuing the existing levels of service in the current budget year.

Bingo Tax. A three percent (3%) tax on gross revenues incurred by bingo parlors to be used for the purpose of enforcement and regulation.

Bond. A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The City sells bonds as a means of borrowing revenue for costly projects and repays the debt to the lender over an extended period of time, similar to the manner in which a homeowner repays a mortgage.

A bond differs from a note in two ways. A bond is issued for a longer period of time than a note and requires greater legal formality. Bonds are primarily used to finance capital projects.

Budget. Financial plan consisting of estimated revenues and expenditures (purposes) for specified time. The operating budget provides for direct services and support functions of the City (e.g.; Police, Fire, Public Works, etc.). The capital budget (Capital Improvement Program) provides for improvements to the City's infrastructure and facilities, and utilizes long-term financing instruments.

Budget Amendment. Legal means by which an adopted expenditure authorization or limit is increased and could be authorized with a publication, a hearing or a re-certification of the budget.

Budgetary Basis. This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Calendar. The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budget Message. A general policy discussion of the budget as presented in writing by the budget-making authority to the City Council. The message outlines the budget plan and main points of interest. The City's budget message is presented as the City Manager's letter in the proposed and adopted budget documents.

—C—

Capital Improvements. Any significant physical acquisition, construction, replacement, or improvement to a City service delivery system.

Capital Improvement Program (CIP). A ten-year expenditure plan financing new infrastructure and facilities, or improvements to the existing infrastructure and facilities. Set forth in the CIP is the name of each project, the expected beginning and ending date, the amount to be expended in each year and the proposed method of financing the projects.

Capital Outlay. An item of non-expendable nature with a value greater than \$1,500 and with an anticipated life of more than one year under normal use.

Carry-Over. Appropriated funds that remain unspent at the end of a fiscal year and are allowed to be retained in the appropriating budget and expended in subsequent fiscal years for the purpose designated.

Cash Basis. A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Charges for Current Services and Sales. Revenue derived from all charges required for current services and sales such as the recording of legal instruments, the sale of certificates, examination fees, the sale of department division manuals, street cut repairs, and safety charges and sales, nursing fees and other health charges and sales.

Collective Bargaining Agreement. A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Commodity. An expendable item used by operating activities. Examples include office supplies, repair, and replacement parts for equipment, toilet supplies and gasoline and oil.

Consumer Price Index (CPI). A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency. A budgetary reserve amount established for emergencies or unforeseen expenditures not otherwise known at the time the budget is adopted.

Contractual Services. A cost related to a legal agreement. Examples include insurance premiums, utility costs, printing services and temporary employees (hired through a private firm).

—D—

Dealers' Stamp Tax. Taxes paid on new and used automobiles by dealers in lieu of ad valorem taxation on automobile dealers vehicle inventory.

Debt Service. Principal and interest requirements on outstanding debt according to a predetermined payment schedule.

Deficit. An excess of current-year expenditures over current-year resources.

Delinquent Tangible Property Tax. Ad valorem property taxes collected from previous tax years.

Department. The basic unit of service responsibility, encompassing a broad mission of related activities.

Depreciation. Expiration in the service life of capital assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence.

Disbursement. The expenditure of monies from an account.

Distinguished Budget Presentation Awards Program. A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents.

Division. A sub-unit of a department that encompasses a substantial portion of the duties assigned to a department. May consist of several sections, which in turn may consist of clearly defined activities.

—E—

Employee (or Fringe) Benefits. Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical and life insurance plans.

Encumbrance. Obligations in the form of purchase orders or contracts that are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances are eliminated when paid or when an actual liability is established.

Enterprise Fund. Used for government functions that are self-supporting. Enterprise funds belong to the group of funds called "proprietary" and account for operations that provide services to the community at large.

Entitlements. Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government.

Expenditure. Actual outlay of funds. Expenditures are budgeted by function: personal services (salaries and benefits), contractual services, commodities (materials and supplies), capital outlay, and other (including transfers out, debt service, contingencies and inventory clearing accounts).

Expense. Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

—F—

Federal and State Grants and Contributions. Revenue received from the federal and state governments under an administrative agreement to provide financial assistance for programs such as low-cost housing, youth programs, health-related programs, or other federal and state-supported projects.

Fines and Penalties. Revenue derived primarily from Municipal Court fines, forfeits, and penalties.

Fiscal policy. A government's policies with respect to revenues, spending and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming, or government budgets and their funding.

Fiscal Year. The 12-month budget period. The fiscal year for the City of Wichita is the January through December calendar year.

Fixed Assets. Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment. Capital assets are also called fixed assets.

Franchise Fee. An annual assessment paid by utilities for the privilege of doing business in Wichita. The current rate is five percent of a utility's gross receipts.

Full-Time Equivalent Position (FTE). A position converted to the decimal equivalent based on 2,080 hours per year. For example, a summer lifeguard working 8 hours per day for four months, or 690 hours, would be equivalent to .3 of a full-time position.

Fund. Accounting entity with accounts for recording revenues and expenditures to carry on specific purposes.

Fund Balance. The total dollars remaining after current expenditures for operations and debt service for capital improvements are subtracted from the sum of the beginning fund balance and current resources. The City Council policy goal is to maintain a total appropriated and unappropriated fund balance/reserve between five to ten percent of the General Fund expenditure budget. State law allows a maximum of 5 percent of certified budgets/funds to be unappropriated.

—G—

GAAP. Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GFOA. Governmental Finance Officers Association. The professional association of state/provincial and local finance officers in the United States and Canada, serving the public finance profession since 1906, with over 15,500 GFOA members dedicated to the sound management of government financial resources.

Gasoline Tax. A tax on the use, sale, or delivery of all motor-vehicle fuels used, sold, or delivered in this state for any purpose whatsoever. Taxation rates are set by a formula established by the Director of Taxation.

General Fund. The City's principal operating account, which is supported primarily by taxes and fees having no restriction on their use.

Goal. A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Governmental Funds. An accounting entity used to account for operations that rely mostly on current assets and current liabilities. Governmental funds include the General Fund, special revenue funds, and the Debt Service Fund.

—I—

Infrastructure. The physical assets or foundation of the City, including buildings, parks, streets and water and sewer systems.

Interest Earnings. Revenue derived from the proper management of the City's assets, through investment of public funds being held until expended or distributed to other units of government. Revenue derived from the proper management of the City's assets, through investment of public funds being held until expended or distributed to other units of government.

Intergovernmental Revenue. Revenue received from federal, state and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal Service Fund. An accounting entity used to account for operations that provide services to City departments at cost. Like enterprise funds, internal service funds belong to the "proprietary" group of funds.

—L—

Licenses. Revenue derived from the issuance of a legal permission by the City of Wichita, which authorizes a person to operate a business or occupation in the municipality.

Line Item. The smallest expenditure detail in department budgets. The line item also is referred to as an "object," with numerical "object codes" used to identify expenditures in the accounting system. Within the accounting system, "objects" are further divided into "sub-groups."

Local Sales Tax. A one percent (1%) tax approved by the voters in July 1985, levied on gross retail sales in Sedgwick County in addition to the four and nine-tenths percent (4.9%) tax levied by the state of Kansas.

Longevity. Employee compensation payments made in recognition of a minimum number of years employed full time with the same entity. Longevity payments are two dollars per month multiplied by the total accumulative years of service, payable after six years in employment.

—M—

Mill. The property tax rate which is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation.

Motor Vehicle Tax. A tax collected by Sedgwick County on all motor vehicles that are not subject to property or ad valorem taxes, such as passenger cars, pick-up trucks and motorcycles.

—O—

Operating Budget. A budget that applies to all outlays other than capital improvements. This refers more to the day-to-day operations of the City.

Operating Expenses. The cost of personnel, materials and equipment required for a department to function.

Operating Revenue. Funds that the government receives as income to pay for ongoing operation. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Output Indicator. A unit of work accomplished, without reference to the resources required to do the work (e.g., number of permits issued, number of burglary arrests made, etc.). Output indicators do not reflect the effectiveness or efficiency of the work performed.

—P—

Payment in Lieu of Taxes. Revenue derived from the issuance of a legal permission by the City of Wichita authorizing certain work to be performed on a particular project.

Performance Indicators. Specific quantitative and qualitative measures of work performed as an objective of specific departments or programs.

Performance Measures. A means, usually quantitative, of assessing the efficiency and effectiveness of department work programs.

Personal Services. All costs related to compensating employees, including employee benefit costs such as the City's contribution for retirement, social security, and health and life insurance.

Prior-Year Encumbrances. Obligations from previous fiscal years in the form of purchase orders or contracts which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Program. A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Proprietary Funds. Accounting entities to account for operations similar to a private enterprise with a balance sheet that incorporates long-term debt obligations, assets and liabilities, and depreciation. Enterprise funds and internal service funds are "proprietary" funds.

—R—

Rental Income. Revenue derived from the rental of City facilities such as City Hall Cafeteria and Parking Garage, Century II Concert Hall, Lawrence-Dumont Stadium, Expo Hall, park facilities and the like.

Reserve. A portion of fund equity legally restricted for a specific purpose or not available for appropriation and subsequent spending. It is normally set aside of funds for emergencies or unforeseen expenditures not otherwise budgeted.

Resources. Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances.

Retained Earnings. Reserved and unreserved assets (recorded in proprietary fund operations), held for future operating needs and equipment replacement.

Revenue. Taxes, user fees, and other sources of income received into the City treasury for public use.

—S—

Service Level. Services or products which compromise actual or expected output of a given program. Focus is on results, not measures of workload.

Special Assessment. A compulsory levy made upon a properties to defray part or all of the costs of a specific improvement that primarily benefits that specific property.

Special Revenue Fund. An accounting entity to record revenue that is legally destined for a specific purpose and the expenditure of the dedicated revenue.

—T—

Tax Lid. Law limiting amount of property tax that can be levied for a specific government function. Also known as aggregate tax levy limitation.

Taxes. Compulsory assessments levied by a government for the purpose of financing services performed for the common benefit of the citizens. Taxes do not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Tort. A wrongful act or damage involving a breach of legal duty for which a civil action can be brought.

Transient Guest Tax. A six percent (6%) tax upon the gross receipts paid by guests in any hotel, motel, or tourist courts located in the incorporated territory of the City of Wichita.

Trust Fund. Used when the City is custodian of money to be reserved and spent for a special purpose.

—U—

Unencumbered Balance. The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes.

Unreserved Fund Balance. The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Fees. Revenue derived from payments made by the general public for the purpose of utilizing goods and services, such as entry fees, Park Department charges, class registrations, tenant rental and concessions.

